

Acceptance of a computer software license agreement by the customer clicking "accept" while online does not generally constitute a written agreement signed by the licensor and the customer for purposes of subsection (a)(1)(A) of Section 130.1935. See 86 Ill. Adm. Code 130.1935. (This is a GIL).

September 4, 2002

Dear Xxxxx:

This letter is in response to your letter received by our office on June 3, 2002. We apologize for the delay in responding to your inquiry. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

I have a question in regard to the interpretation of Title 86, Part 130, Section 130.1935 Computer Software. Under a)1)A) of the Section, a condition that must be fulfilled in order to qualify for a software license to be nontaxable is that 'it is evidenced by a written agreement signed by the licensor and the customer;' In our particular situation, the customer will be purchasing the software license via the Internet, therefore, in order to accept the license agreement they are provided with an electronic version of our End User License Agreement and they must click 'Accept' in order to proceed and purchase the license.

I would appreciate it if you could provide me with a ruling as to whether or not the acceptance by the customer is adequate to fulfill the 'signed' requirement of this particular condition.

If you need further information, please feel free to contact me.

I look forward to your response.

DEPARTMENT'S RESPONSE:

Your letter states that acceptance of the software license agreement by the customer is evidenced by clicking "accept" while online. The Department does not consider this acceptance to constitute a written agreement signed by the licensor and the customer for purposes of subsection (a)(1)(A) of Section 130.1935.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.